

Exhibit B

1 UNITED STATES DISTRICT
2 EASTERN DISTRICT OF PENNSYLVANIA

3
4 NO. 02-2943

5 -----

6 VANGUARD IDENTIFICATION SYSTEMS,
7 INC.

8 VS.

9 RONNIE E. GOADE, SR., ET AL

10 -----

11 Deposition of RONNIE GOADE
12 taken in accordance with the Notice
13 and the Federal Rules of Civil
14 Procedure at the offices of Edwards
15 & Angell, Three Stamford Plaza, 301
16 Tresser Boulevard, Stamford,
17 Connecticut, before Meghan M.
18 English, LSR, a Licensed Shorthand
19 Reporter and Notary Public, in and
20 for the State of Connecticut on
21 Wednesday, June 9, 2004, at 10:14
22 a.m.

23

24 MEGHAN M. ENGLISH, LSR NO. 211

<p style="text-align: right;">Page 86</p> <p>1 dispute over how much would come out 2 of your pocket in settlement of the 3 litigation versus the DocuSystems 4 pocket? 5 A. There is more of a dispute about 6 negotiations and other things. 7 Settlement was never a serious issue 8 for any of us. 9 Q. Did DocuSystems ever ask you when this 10 settlement proposal arose to pay 2.5 11 million? 12 A. When we received this letter, either I 13 had a conversation with this guy or 14 somebody else. He wasn't even a 15 decision maker on something like this. 16 He shouldn't have been in any 17 negotiation with Vanguard without my 18 approval. None of these things, so we 19 discounted this whole thing. 20 Q. Okay. Why should he have not been in 21 settlement discussions with Vanguard 22 without your approval? 23 A. That was part of our understanding. 24 Q. And that understanding arose out of</p>	<p style="text-align: right;">Page 88</p> <p>1 identification, described in index.) 2 BY MR. PERLMAN: 3 Q. The last page of number 17 is entitled 4 Acknowledgement. That's your 5 signature, right? 6 A. It is, yes. 7 Q. Do you recall ever receiving this 8 document? 9 A. No. 10 Q. As I understand your testimony about 11 settling the patent litigation, you 12 always had the authority or right of 13 first refusal, as you said, of whether 14 or not to settle the case; is that 15 right? 16 A. That is correct. 17 Q. You're aware that in July of 2000 18 there was a stipulated judgment in 19 that patent litigation? Are you aware 20 of that? 21 A. Explain that. 22 Q. Well, okay. You're aware that there 23 is a judgment out there for \$2 million 24 in the patent litigation, right?</p>
<p style="text-align: right;">Page 87</p> <p>1 the merger agreement? 2 A. I don't remember what agreement it 3 was, but we had first right of 4 refusal. We had -- I was to be kept 5 abreast of all negotiations, 6 everything with this, and none of 7 those things happened. 8 MR. PERLMAN: I am going to ask 9 the reporter to mark this as number 10 16. 11 (Exhibit Goade 16 was marked for 12 identification, described in index.) 13 BY MR. PERLMAN: 14 Q. Number 16 starting on the second page 15 is entitled subordination agreement? 16 A. Yes. 17 Q. If you turn -- the pages are numbered 18 at the bottom with a stamp DSI then 19 with the number. 20 A. Yes. 21 Q. If you turn to DSI 005531, that's your 22 signature, correct? 23 A. It is, yes. 24 (Exhibit Goade 17 was marked for</p>	<p style="text-align: right;">Page 89</p> <p>1 A. Yes. 2 Q. And did you have any involvement in 3 the -- in that judgment coming into 4 being? 5 A. No. 6 Q. Are you aware that DocuSystems 7 stipulated to the judgment? 8 A. After the fact. 9 Q. After the fact you became aware of it? 10 A. Yes. 11 Q. So they -- I guess you would say they 12 breached the agreement that you had, 13 your understanding of the agreement 14 that you had the right of first 15 refusal; is that right? 16 A. Well, I had the right of first 17 refusal, yes. 18 Q. Well, did you approve that stipulated 19 judgment? 20 A. No. 21 Q. And after it was entered did you -- 22 were you upset about it? 23 MR. ZAKEN: At what point in 24 time?</p>

23 (Pages 86 to 89)

<p style="text-align: right;">Page 90</p> <p>1 MR. PERLMAN: Immediately after 2 it was entered. 3 MR. ZAKEN: Object to the form. 4 I don't know if you have established 5 that he was aware of it immediately, 6 whatever that means, but answer the 7 question if you can. 8 THE WITNESS: No, I wasn't upset 9 about it. 10 BY MR. PERLMAN: 11 Q. Well, when did you become aware of it? 12 A. When they tried to sell me the assets 13 of the company, then I became aware of 14 it. "They" being Heller Financial. 15 Q. So would you have approved of it if 16 you had known about it in advance? 17 A. No. No. 18 Q. So why is it that you didn't care 19 about it when you found out about it 20 afterwards? 21 A. It's not that I didn't care. It's 22 just that the company was bankrupt. 23 They had taken this great company 24 that I had built for thirty years and</p>	<p style="text-align: right;">Page 92</p> <p>1 Q. It wasn't that big a deal because the 2 company was bankrupt and couldn't pay 3 the judgment anyway? 4 MR. ZAKEN: Objection to the 5 form. 6 THE WITNESS: It was a huge deal 7 that the company was bankrupt. They 8 owed me a lot of money. 9 BY MR. PERLMAN: 10 Q. Well, I am not referring to the 11 bankruptcy, but the judgment wasn't a 12 big deal because the company was 13 bankrupt. 14 MR. ZAKEN: Is there a question? 15 MR. PERLMAN: Yes. 16 MR. ZAKEN: Could you read back 17 the question? I am sorry. 18 (Whereupon the last question was 19 read by the court reporter.) 20 MR. ZAKEN: I don't hear a 21 question. 22 MR. PERLMAN: Well, I was 23 referring to the prior question. I 24 will start over again.</p>
<p style="text-align: right;">Page 91</p> <p>1 all of this stuff was just part of the 2 mismanagement on their part. This was 3 just part of it. They owed me a lot 4 of money. They owed me a lot more 5 than money, that more than anything 6 coming off of this thing as far as I 7 was concerned. 8 Q. How did -- how did you -- I mean who 9 told you about the judgment? What was 10 the actual circumstance of you 11 learning about it? 12 A. When I was contacted by somebody -- I 13 don't remember who -- telling me that 14 they were in the tank. That was it. 15 And they said that there had been this 16 judgment by Vanguard, which I was 17 amazed to even hear about. I don't -- 18 I mean it's like they didn't even show 19 up. It was just like they just walked 20 in, said we haven't got the money to 21 fight this and it was over. It wasn't 22 any big deal. I mean he was given 23 judgment to a company that was 24 bankrupt.</p>	<p style="text-align: right;">Page 93</p> <p>1 BY MR. PERLMAN: 2 Q. You said it wasn't any big deal, and I 3 am saying are you saying that the 4 judgment wasn't any big deal because 5 the company was bankrupt? 6 MR. ZAKEN: Objection to the 7 form. You said it wasn't a big deal. 8 I never heard Mr. Goade say that. I 9 object to the form. 10 MR. PERLMAN: I think he did say 11 that. 12 BY MR. PERLMAN: 13 Q. Can you answer the question, Mr. 14 Goade? 15 A. If I used that word, it was poor 16 judgment on my part. The situation 17 was, as I understand it, Vanguard 18 received a call saying that 19 DocuSystems was going bankrupt and 20 they had this date set and they 21 went -- Altheimer & Gray or somebody 22 showed up and they said, We don't have 23 the money to defend this. They hadn't 24 paid Dunlap & Coddington or anybody and</p>

24 (Pages 90 to 93)

<p style="text-align: right;">Page 94</p> <p>1 do what you want to and that was it. 2 So they had judgment against a company 3 that was for all intent purposes 4 bankrupt. So if I had sued them and 5 got \$100 million judgment, it wouldn't 6 have been any big deal because they 7 didn't have any money. Does that 8 answer your question? 9 Q. Yes. 10 Were you concerned 11 about your having to indemnify 12 DocuSystems if the judgment was 13 entered? 14 A. No. 15 Q. No? 16 A. No. 17 Q. Were you concerned about buying the 18 assets of Stik/Strip and, you know, 19 running a business based on those 20 assets when the judgment was entered 21 against Stik/Strip? 22 A. I was buying the assets of the 23 company. I wasn't buying the 24 corporation.</p>	<p style="text-align: right;">Page 96</p> <p>1 DocuSystems after the 1998 2 transaction, things kind of went sour 3 between you and DocuSystems? 4 A. Yes. 5 Q. How did that happen? 6 A. A lot of reasons: Poor management, 7 putting product out on the street that 8 was faulty, inconsistencies in 9 accounting. A lot of things. They 10 were not keeping me abreast. I wasn't 11 allowed to do my job. A lot of 12 things. 13 Q. When did the falling out begin? 14 A. Two weeks after I sold the company. 15 Q. And what was the incident two weeks 16 afterwards that started things to go 17 sour? 18 A. They virtually fired all of the people 19 in quality control, all of the people 20 in customer service. They substituted 21 inferior products for products that 22 had been sold. They changed the whole 23 way that the company was being ran, 24 and I had a serious issue with that.</p>
<p style="text-align: right;">Page 95</p> <p>1 Q. So you're saying you weren't concerned 2 because you were buying the assets and 3 you weren't buying the corporation? 4 A. I was buying the assets to build a new 5 company. I wasn't buying the old 6 corporation who had the judgment 7 against them from Vanguard. 8 Q. So it was your understanding that you 9 would take the assets and build a new 10 company and be free of the judgment 11 because you weren't buying the 12 corporation against which the judgment 13 was entered; is that right? 14 MR. ZAKEN: Objection to form. 15 THE WITNESS: Be free? I don't 16 know what you mean. I mean the 17 judgment was there against Stik/Strip 18 which was wholly owned by DocuSystems 19 which was now bankrupt, so no, I 20 didn't have any reason to think that I 21 was -- that I was involved in any of 22 that, no. 23 BY MR. PERLMAN: 24 Q. Now when you were employed by</p>	<p style="text-align: right;">Page 97</p> <p>1 Q. So two weeks into it they started 2 firing people? 3 A. That's right. 4 Q. And they changed the products. Did 5 that also occur like in two weeks or 6 was that -- did that occur within two 7 weeks or at a later point in time? 8 A. It was like days after the company was 9 sold. 10 Q. And do you know why they made those 11 changes, the personnel changes and the 12 product changes? 13 MR. ZAKEN: Object to the form. 14 THE WITNESS: To make more money. 15 BY MR. PERLMAN: 16 Q. They thought they were going to make 17 more money? 18 A. That's correct. 19 Q. And you had no idea that that was 20 their plan when you sold the company 21 in May of 1998? 22 A. Absolutely not. 23 Q. And why did that -- why did that 24 disturb you? Was it because it would</p>

25 (Pages 94 to 97)

<p style="text-align: right;">Page 182</p> <p>1 ERRATA</p> <p>2</p> <p>3 PG/LN NOW READS: SHOULD READ:</p> <p>4 _____</p> <p>5 _____</p> <p>6 _____</p> <p>7 _____</p> <p>8 _____</p> <p>9 _____</p> <p>10 _____</p> <p>11 _____</p> <p>12 _____</p> <p>13 _____</p> <p>14 _____</p> <p>15 _____</p> <p>16 _____</p> <p>17 _____</p> <p>18 _____</p> <p>19 _____</p> <p>20 _____</p> <p>21 _____</p> <p>22 _____</p> <p>23 _____</p> <p>24 _____</p>	<p style="text-align: right;">Page 184</p> <p>1 Witness my hand as Notary Public</p> <p>2 the __16th day of __June_____,</p> <p>3 2004.</p> <p>4</p> <p>5</p> <p>6 _____</p> <p>7 MEGHAN M. ENGLISH, LSR</p> <p>8 Notary Public</p> <p>9 LSR NO. 211</p> <p>10 My Commission Expires October 31, 2007</p> <p>11</p> <p>12</p> <p>13</p> <p>14</p> <p>15</p> <p>16</p> <p>17</p> <p>18</p> <p>19</p> <p>20</p> <p>21</p> <p>22</p> <p>23</p> <p>24</p>
<p style="text-align: right;">Page 183</p> <p>1 CERTIFICATE</p> <p>2</p> <p>3 I hereby certify that I am a</p> <p>4 Notary Public, in and for the State of</p> <p>5 Connecticut, duly commissioned and</p> <p>6 qualified to administer oaths.</p> <p>7</p> <p>8 I further certify that the</p> <p>9 deponent named in the foregoing deposition</p> <p>10 was by me duly sworn, and thereupon</p> <p>11 testified as appears in the foregoing</p> <p>12 deposition; that said deposition was taken</p> <p>13 by me stenographically in the presence of</p> <p>14 counsel and reduced to typewriting under</p> <p>15 my direction, and the foregoing is a true</p> <p>16 and accurate transcript of the testimony.</p> <p>17</p> <p>18 I further certify that I am</p> <p>19 neither of counsel nor attorney to either</p> <p>20 of the parties to said suit, nor am I an</p> <p>21 employee of either party to said suit, nor</p> <p>22 of either counsel in said suit, nor am I</p> <p>23 interested in the outcome of said cause.</p> <p>24</p>	

47 (Pages 182 to 184)